

CAROLINA context

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AUGUST 2008 NUMBER 6

FERREL GUILLORY

Director
guillory@unc.edu

THAD BEYLE

Associate Director
beyle@email.unc.edu

HODDING CARTER, III

Leadership Fellow
hoddincarter@unc.edu

KENDRA DAVENPORT COTTON

Assistant Director for Programs
kendradc@unc.edu

ANDREW HOLTON

Assistant Director for Research
holton@unc.edu

D. LEROY TOWNS

Research Fellow
dltowns@email.unc.edu

THE PROGRAM ON PUBLIC LIFE

is a non-partisan organization devoted to serving the people of North Carolina and the South by informing the public agenda and nurturing leadership. To receive an electronic version or to subscribe to the printed version, send your name and email address to southnow@unc.edu.

The Program on Public Life is part of the Center for the Study of the American South at the University of North Carolina at Chapel Hill.

Carolina Context was printed with the use of state funds. 1000 copies of this public document were printed at a cost of \$1,583, or \$1.32 a copy.

DIRECTOR'S NOTE

This issue of Carolina Context presents an essay that originally appeared in the Annual Report of the Z. Smith Reynolds Foundation, released in July 2008. The essay draws on the work that Andrew Holton, the assistant director for research, and I have engaged in with the purpose of providing policy makers and opinion leaders with data and analysis of population-growth trends in the transformation of North Carolina.

The UNC Program on Public Life has organized three discussion sessions with state legislators around this material, and I have made presentations to public leadership and education organizations. We plan to release an issue of

Carolina Context focusing on metropolitan North Carolina during the fall semester.

You may read the entire foundation report, which also contains essays on environment and infrastructure, online at www.zsr.org. We thank the Z. Smith Reynolds Foundation, based in Winston-Salem, for the generous support it has given to the Program on Public Life — and we appreciate the appropriation from the General Assembly to report on demographic, economic, social and environmental trends.

— FERREL GUILLORY

Director, Program on Public Life

North Carolina: she ain't what she used to be

You can look at North Carolina as a collection of dichotomies: rural-urban, white-black, conservative-progressive, Republican-Democrat, rich-poor, Old South-New South. And no doubt, the state has tensions, contrasts, and polarities that shape its culture, economy, and politics.

As Southerners are wont to do, many North Carolinians have preferred to see reality not so much as it is but as their mind's eye remembers it and still perceives it. Yet as the state has grown in population and as its economy has diversified, it has emerged a more complex civil society, one that defies time-worn dichotomies. Over the last quarter of a century, it has become a modern American mega-state, projected to continue growing robustly over the next two decades.

We could have seen it coming. After all, the North Carolina of the early 21st century is the product of far-sighted decisions by public officials, of aggressive entrepreneurship by business leaders, of catalytic investments by a strong philanthropy sector and, to be sure, of the sometimes painful pressures exerted by technology advances, demographic change, and globalization.

In the half century after World War II, the transformation of North Carolina came not in one or two dramatic strokes, but as an accumulation of sometimes unrelated policies and day-to-day decisions. The transformation resulted from

the GI Bill that sent young adults to college who otherwise wouldn't have done so; from the development of a community college system that provided workforce training; from the collapse of the Jim Crow structure of racial segregation; from the development of Research Triangle Park; from the North Carolina Fund that fought poverty; from the liberalization of banking laws at a time when energetic banking executives were ready to expand; from a persistence in building strong public universities; from the economic forces that undermined the three-legged stool of tobacco, textiles and furniture; and from the development of water, road, and airport infrastructures.

We should have seen it coming. Now we have to understand it to see more clearly how to deal with it. We must respond to the stresses of change, to understand how to bring more people into the winner's circle of success, to build community with so many recent arrivals in our midst, and to carve pathways for upward mobility for people on the wrong side of the widening income-and-wealth gap.

MORE PEOPLE: DIVERSE AND OLDER

North Carolina is headed toward a population of 9.5 million people in 2010, and the Census Bureau projects that the Tar Heel state will become the nation's 7th largest with a population of more

than 12 million by 2030. Three streams of people moving from one place to another have reshaped the population landscape of North Carolina.

One, well-educated, mostly affluent white Americans have come to North Carolina to work and to retire. Two, the historic out-migration of black Southerners has reversed. Now more black Americans move to the South than to any other region, with North Carolina's major metropolitan areas being especially attractive. Three, with Asians and Latinos drawn to job opportunities in the state, seven percent of the people now living here were foreign-born, and 10 percent of residents five years and older speak a language other than English at home.

These streams have contributed to a dramatic departure from the traditional Tar Heel identity. For most of its life as a colony and as a state, a divide between white people and black people shaped North Carolina's economy and society. Not so long ago, almost all of the people who lived in North Carolina had been born here, both blacks and whites. Now, however, North Carolina pulls in

What's more, the aging of the baby boom generation is beginning to have a significant ripple effect on the state's economy. The number of people 65 years old and older is expected to increase from 982,000 in 2000 to 1.6 million in 2020 —with several counties on the eastern and western flanks of the state expected to have a median age of 50 or higher. The number of residents 45 to 64 years old is projected to leap from 1.8 million to 2.75 million —meaning that the state's economy will depend more on older workers and will require blacks and Latinos to replace white baby-boomers as they age out of the workforce.

Since the 2000 census, the population has grown by 10 percent, from 8 million people to 8.8 million people. The number of people 45 to 64 years old has grown by 21 percent. By contrast, the number of residents between 25 and 44 years old has increased by only two percent. In 40 counties, the number of people of this prime working age has declined.

A society—whether in the form of a nation, a

highways, imposes costs on current residents to build new schools, makes it difficult to provide affordable housing for working families, and widens the gap between the affluent and the people of modest means. What's more, many newly arrived citizens come, not surprisingly, without memory of how North Carolina got to be what it is. As a result, growth-related issues have emerged in the form of pressure to retreat on school desegregation efforts and to amend the state's flexible annexation policy that has allowed cities to absorb development in a manner that minimizes city-suburban division.

METROPOLITAN EMERGENCE

Noting that eight out of 10 Americans live in cities, suburbs and counties that form metropolitan areas, the Brookings Institution has proclaimed the United States a "MetroNation." North Carolina has joined the trend, and it has done so quickly. How North Carolinians array themselves across the physical landscape today differs dramatically from their historic, spread-out pattern of small farms, small towns, small cities.

In 1950, four million people lived in North Carolina. Thirty-two cities and towns had more than 10,000 residents, nine of which had more than 30,000 residents, and only one city, Charlotte, had more than 100,000 residents. Today, more than 4.1 million people live in the state's three largest metropolitan areas —the Charlotte-Mecklenburg region, the Research Triangle, and the Triad. The Census Bureau reports that 71 North Carolina counties are part of a metropolitan or "micropolitan" region. We have 17 metropolitan areas with concentrated populations greater than 100,000. In addition, there are 19 micropolitan areas with concentrated populations between 30,000 and 85,000 people.

Illustrations abound. Cary has grown from a town of 7,500 in 1970 to the state's seventh largest city at 112,000 people. Union County, east of Charlotte, has doubled in population since 1970, and it is projected to be the state's fastest growing county between now and 2020. Hoke County, the prototype of a distressed rural community in the Leandro education financing lawsuit, ranks just behind Union in projected rate of growth and is becoming a suburb of Fayetteville.

Of North Carolina's 100 counties, 92 are projected to gain population between now and 2020, only eight to decline. Among rural counties and small towns, projected growth ranges from modest to relatively substantial, especially in counties near metro areas. What stands out is the anticipation of continued super-charged growth not only in Wake and Mecklenburg but also in the suburban and emerging exurban counties that have become part of North Carolina's metropolitanization.

Within these sprawling "city-state" metro areas, you can find an interwoven mix of city, suburb, exurb, and even oases of ruralness. North Carolina has mostly avoided the old industrial urban pattern of a dense central city ringed by suburbs. In Raleigh, Charlotte, Winston- Salem,

GROWTH IN NORTH CAROLINA'S MOST POPULOUS MUNICIPALITIES 2000-07

	2007 Population	% Growth since 2003	2003 Population	% Growth since 2000	2000 Population
Charlotte	671,588	11.5%	602,516	24.2%	540,828
Raleigh	375,806	17.6%	319,659	36.1%	276,093
Greensboro	247,183	6.0%	233,243	10.4%	223,891
Durham	217,847	9.3%	199,354	16.5%	187,035
Winston-Salem	215,348	5.1%	204,870	15.9%	185,776
Fayetteville	171,853	-2.1%	175,619	42.0%	121,015
Cary	121,796	18.7%	102,611	28.8%	94,536
High Point	100,432	9.0%	92,125	17.0%	85,839
Wilmington	99,623	7.9%	92,368	31.4%	75,838
Greenville	76,058	12.6%	67,537	25.8%	60,476
Jacksonville	74,614	2.6%	72,750	11.8%	66,715
Asheville	73,875	3.8%	71,167	7.2%	68,889
Gastonia	71,059	5.0%	67,676	7.2%	66,277
Concord	64,653	9.2%	59,185	15.5%	55,977
Rocky Mount	56,844	1.9%	55,761	1.7%	55,893
Chapel Hill	51,574	4.3%	49,442	5.9%	48,715
Burlington	49,572	6.0%	46,747	10.4%	44,917
Wilson	47,804	3.4%	46,216	7.7%	44,405
Huntersville	42,579	31.2%	32,450	70.6%	24,960
Kannapolis	41,487	8.7%	38,176	12.4%	36,910

Source: Population Division, U.S. Census Bureau – Updated July 10, 2008

people from around the United States, and around the globe.

Statewide, two-thirds of our people are white. Blacks account for slightly more than one-fifth of the North Carolina population, with Latinos now up to seven percent. About two percent of North Carolina residents are Asian, about one percent American Indian. The state has transitioned from biracial to multi-cultural.

state, or a locality—either moves forward, stands still, or slides backwards. Each creates a set of stresses and poses challenges to public policy making. Given the choice of growth, stagnation, or decline, most North Carolinians no doubt would choose growth—for growth signifies a robust economy that expands job opportunities that attract people.

Still, rapid growth creates congestion on

Greensboro, and Asheville, there has arisen a renewed appreciation for living, working, and gathering in downtowns. But there remains a strong urge to sprawl as middle-income people seek affordable housing in exurban developments on what was once farm land.

Indeed, many North Carolinians have what might be called split identities—they work in one place, and they sleep, play, pray, and vote in another place. In more than one-third of our counties, more than 40 percent of the workers—almost all of them driving alone in an automobile—go from their home counties to other counties to work. Even with sustained efforts to promote rural economic development, many of these commuters are residents of rural counties who have turned to the metro areas to replace lost manufacturing and agricultural jobs.

Now that large parts of North Carolina have joined “MetroNation,” we confront a series of questions and challenges. What is a community, and how do we build community in a multi-ethnic, mobile society? While North Carolina continues to fight for its rural communities, should the state now also have a metro strategy to keep its principal economic engines vital and livable? With “city-states” composed of multiple municipalities and counties, how do we govern in a democratic, participatory fashion?

PASSING THE TORCH OF LEADERSHIP

People follow jobs, and political power follows people. Metropolitan growth necessarily will continue to exert an influence on Tar Heel politics and governance. By 2010, half of the seats in both houses of the General Assembly will be held by legislators representing the state’s three largest metro areas. Add in the state’s next four largest metro regions—Fayetteville, Asheville, Wilmington, and Greenville—and 29 counties will claim nearly two-thirds of the seats in the Legislature.

The number of legislators is fixed, so growth also means that each legislator will represent more people. Currently, each House member represents 67,000 citizens, and each senator represents about 161,000. By the next round of redistricting in 2011, each House member will represent about 79,000 citizens, each senator 189,000 people.

The one-party North Carolina of much of the 20th century is a distant memory. Public offices are now determined through two-party competition—and North Carolina reflects the partisan polarization of the United States. Still, neither Democrats nor Republicans hold an assured majority. More than 1.2 million registered—out of 5.8 million—list themselves as “unaffiliated”.

Growth and mobility also influence how—and whether—leadership develops. Not so long ago, the undergraduate dormitories and law schools of our major universities served as incubators of life-long political alliances and leadership. Now, as the enrollment of universities has swelled, college students, as well as recent graduates, who want

NORTH CAROLINA WORKERS BY INDUSTRY, 2000–06

Industry	2006 employment		2000 employment	
Government and government enterprises	812,435	15.49%	740,400	15.30%
Manufacturing	576,755	11.00%	781,367	16.14%
Retail trade	568,076	10.83%	549,160	11.35%
Health care and social assistance	485,260	9.25%	380,121	7.85%
Construction	396,309	7.56%	344,075	7.11%
Accommodation and food services	350,697	6.69%	292,681	6.05%
Administrative and waste services	325,562	6.21%	274,238	5.67%
Other services, except public administration	303,405	5.78%	248,416	5.13%
Professional and technical services	277,718	5.29%	232,477	4.80%
Finance and insurance	204,176	3.89%	180,623	3.73%
Real estate and rental and leasing	202,670	3.86%	143,002	2.95%
Wholesale trade	196,966	3.76%	183,467	3.79%
Transportation and warehousing	154,794	2.95%	149,831	3.10%
Educational services	93,813	1.79%	60,344	1.25%
Arts, entertainment, and recreation	90,952	1.73%	76,548	1.58%
Information	87,195	1.66%	92,462	1.91%
Management of companies and enterprises	71,017	1.35%	60,380	1.25%
Forestry, fishing, related activities, and other	27,600	0.53%	28,108	0.58%
Utilities	14,140	0.27%	16,019	0.33%
Mining	5,870	0.11%	6,181	0.13%

Source: Bureau of Economic Analysis

to involve themselves in the democratic life of their state, find it difficult to build connections. Our leadership development mechanisms do not assure a steady supply of forward-looking leaders, and we face a challenge in how to develop and nurture the next generation of leaders to whom the torch will soon be passed.

FROM TOBACCO FIELDS TO SERVER FARMS

You can chart North Carolina’s economic transition with a torrent of statistics. But how North Carolina has reacted to recent economic punches perhaps tells as much.

Fifty years ago, a dry spell of the scale of the 2007–08 drought would have sent the news media into spasms of hand-wringing and calls for aid to suffering farmers. Now, the debate over the drought revolves around homeowners watering their lawns and modifying their indoor plumbing, and over whether metro areas will have enough water to sustain business expansion. North Carolina is more concerned these days about keeping GlaxoSmithKline’s medicine production and Google’s server farm watered than about tobacco, corn, and soybean crops.

When Pillowtex closed its massive textile operations in Kannapolis and Eden—the largest mass layoff in North Carolina history—near panic set in, and the state rushed in teams to find job re-training and support services for thousands of low-skill workers. Now, a billion-dollar North Carolina Research Campus is rising across the railroad tracks from the old mill village, and a

McMansion-style subdivision has sprouted on the outskirts of town. By contrast, no panic arose when Philip Morris announced that it would pull its cigarette manufacturing, employing 2,500 people, out of Concord by 2010; the company provided time for an adjustment period, and the state has learned that it can adjust.

The old small-farm, small-factory economy has given way to a statewide economy that has converged substantially with the nation’s economy. In the 1970s and 1980s, the cry went out across the state, “Diversify, Diversify.” North Carolina took its own advice. The major metropolitan areas now feature diverse economies, with employment relatively balanced among business and industry sectors.

As a result, North Carolina has reached a level of affluence that it leaders could hardly have imagined a half century ago. While overall per capita income remains below the national mark, nearly half of the households in our city-state metros have annual income above \$50,000—and fully 17 percent of households have incomes above \$100,000. And in an economy that awards a premium to the well-educated, 57 percent of the North Carolinians with a bachelor’s degree or higher live in the three city-state metros.

But the burgeoning of the affluent, knowledge workers, professionals, and entrepreneurs has created a dynamic that has led to wide disparities between the rich and the poor as well as the near poor. People with money to spend seek out good restaurants, hire landscape services to keep their lawns and gardens green, and crave all manner

of other amenities. In turn, their demands for goods and services create lower-wage jobs in food and accommodations, in construction and health services and retail trade.

In a study comparing the states, the Economic Policy Institute/Center on Budget and Policy Priorities ranks North Carolina as having the 10th widest gap in average income between the top fifth and bottom fifth of families. According to the institute's analysis, expressed in 2002 dollars, the bottom fifth of North Carolina families had average income of \$14,884, and the second fifth averaged \$28,200. Action for Children, meanwhile, has computed what it costs for a family with two children, ages three and seven, to live in Charlotte, and finds that it stretches the budget of even a \$50,000-a-year family to afford health insurance after paying for housing, food, transportation, child care, and taxes.

THE MORE YOU HAVE, THE MORE THAT IS EXPECTED OF YOU

Both to sustain an expanding economy and to forge a stronger civil society, there is no substitute for creating the conditions that enlarge a solid middle class. And in today's world, a middle-class standard of living requires education beyond high school. North Carolina has made substantial progress in its public schools, progress that should be recognized in the pay of teachers, in the depth

of academic offerings, and in early childhood enrichment. One in four Tar Heel adults now has a bachelor's degree or above, and another fourth of the adult population has some education beyond high school. Still, as Terry Sanford, governor from 1961 to 1965, wrote, "The more you do to improve education, the more you discover what is yet to be done. Each breakthrough opens a window on another unexplored frontier."

The next frontier in education presents itself in several dimensions. Half of the Latino adults living in North Carolina do not have a high school diploma. Nearly one in five adults, including people of all races and ethnic groups, dropped out before getting a diploma. Nearly half of all public school students in North Carolina qualify for free or reduced-price lunches, a key indicator of both family well-being and educational neediness. High percentages of students qualifying for subsidized meals show up not only in rural counties — 51 percent in Graham, 72 percent in Greene, and 48 percent in Granville — but also in metropolitan districts — 47 percent in Mecklenburg, 50 percent in Durham, and 49 percent in Guilford.

So long as it continues to grow, North Carolina will see expansion of low-wage, low-skill jobs in services and retail. The moral, as well as economic imperative, is to give people the opportunity to work their way up the career ladder, so that no job or low-wage jobs are not their only options. Thus, there is no economic

development strategy for the future that does not include an education agenda that stretches from pre-K through a community college credential or a university degree. There is no equity strategy that does not include competitiveness — that is, making both people and places more fit for the economic race that globalization has intensified.

North Carolina should look to its universities, as well as to its philanthropic and nonprofit sectors, to provide the policy guidance to address these and other social, cultural, and governance issues that arise out of the metropolitanization of North Carolina: How do we ameliorate de facto racial, ethnic, and class segregation in our civil society, especially in public schools? How do we forge regional arrangements to link people to jobs? How do we preserve democratic governance in sprawling city-states that are the products of economic dynamics and individual life-style choices? How do we produce a new generation of leaders, public as well as private, to match the leaders who built the foundation for the North Carolina of today? How do we create a level playing field so that all North Carolinians benefit?

The Biblical injunction—to whom much is given, much is expected—applies to North Carolina. Now that it has grown in population and bulked up in economic prowess, this mega-state has greater wherewithal than ever to address the unfinished business of its past and confront the challenges of its future.



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*The Center for the Study of the American South
The University of North Carolina at Chapel Hill*

CB# 3365

Chapel Hill, NC, 27599-9127

southnow@unc.edu

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